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2009 DEC 23 P 3:02

PUBLIC UTILITIES
COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)

of)

WAI'OLA O MOLOKA'I, INC.)

Docket No. 2009-0049

For review and approval of rate)
increases; revised rate schedules; and)
revised rules.)

WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO
COUNTY OF MAUI'S SUPPLEMENTAL INFORMATION REQUESTS

AND

CERTIFICATE OF SERVICE

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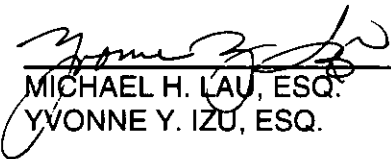
BEFORE THE PUBLIC UTILITIES COMMISSION
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**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO
COUNTY OF MAUI'S SUPPLEMENTAL INFORMATION REQUESTS**

COMES NOW, WAI'OLA O MOLOKA'I, INC., by and through its attorneys, Morihara Lau & Fong LLP, hereby submits its Responses to the County of Maui's Supplemental Information Requests consistent with the Stipulated Regulatory Schedule (Exhibit "A") contained in the Stipulated Prehearing Order, filed on November 6, 2009.

DATED: Honolulu, Hawaii, December 23, 2009.



MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.

Morihara Lau & Fong LLP
Attorneys for WAI'OLA O MOLOKA'I, INC.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-21: Please describe in detail and provide documents and information concerning the accounts payable amount of \$16,328 listed on WOM's Balance Sheet dated December 31, 2008 (contained in the Audited Financial Statements for December 31, 2008).

RESPONSE: See Attachment County-SIR-21.

SPONSOR: Robert O'Brien

**ATTACHMENT
COUNTY-SIR-21**

WOM
Docket No. 2009-0049

Line #	Description	[1]	[2]	[3]
<u>Recorded on December 31, 2008 Financials</u>				
1	Hikiola Coop	132.74		
2	HMSA	(1,447.88)		
3	Maui Electric	502.29		
4	MPU	337.03		
5	O'Brien Innovative Regulatory Solutions	1,860.75		
6	PUC	3,906.00		
7	Other	36.27		
8	Sub-Total		5,327.22	
<u>Company Accruals at December 31, 2008</u>				
9	PUC Accrual		6,585.04	
10	Monihara Lau Fong		564.55	
11	Other		350.19	
11	Total Recorded		12,827.00	
<u>KPMG Audit Adjustments</u>				
12				
13	NONE			
14	Sub-Total		-	
15	Total Accounts Payable			12,827.00
<u>Other Accounts Payable</u>				
16				
17	Accured Vacations	6,277		
18				
19	Other	-		
20	Total Recorded at 12-31-08		6,277.00	
<u>KPMG Audit Adjustments</u>				
21	Accrued Vacation Adjustment	(2,776.00)		
22				
23	Sub-Total		(2,776.00)	
24	Total Other Accounts Payable			3,501.00
25	Total Accounts Payable - Audit Report			<u>\$ 16,328.00</u>

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-22: Please describe in detail and provide documents and information explaining the amount owing of \$5,472,065 to WOM's parent company, Molokai Properties, Ltd. ("MPL") and affiliates as reflected on WOM's Balance Sheet dated December 31, 2008 (contained in the Audited Financial Statements for December 31, 2008).

RESPONSE: See response to CA-IR-15 (Part A).

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-23: Please explain why MPL entered into an agreement with DHHL to purchase water for DHHL and why MPL allocated the cost of \$106,701 to WOM for water as set forth in notes 4 and 6 of WOM's Audited Financial Statements for December 31, 2008.

RESPONSE: The agreement was entered into to provide water to customers in WOM's service area. DHHL charges WOM for the water provided and those charges are recorded as a direct expense as shown on Exhibit WOM 10.3, line 2. The \$106,701 reflected in the Audit Report reflects charges from MPL for water treatment and other services charged under the accounting procedures described in Attachment CA-IR-44 (Part A), filed in Docket No. 2009-0048. As discussed in that response, those procedures were stopped in December 2008, are no longer in effect and are not used to determine expenses in the Test Year.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-24: Please explain how expenses relating to salaries and wages were allocated from MPL as noted in the Audited Financial Statements for December 31, 2008.

RESPONSE: These expenses were included in the Cost of Sales charges from MPL to WOM as described in response to County-SIR-23 and Attachment CA-IR-44 (Part A), filed in Docket No. 2009-0048. These procedures are no longer in effect and were not used to determine Test Year expenses for MPU.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-25: Please identify all WOM employees and whether these employees are also employed by MPL and affiliated companies, including but not limited to, Moloka'i Public Utilities, Inc. and Mosco, Inc.

RESPONSE: Employees who perform work for WOM and the percent of time spent on WOM activities and included in the Test Year expenses are shown on Workpaper WOM 10.1. These employees are employed by MPL and charged to WOM and affiliates based on time reports filed by the employees. The percentages used to distribute the employees' time is shown on Workpaper WOM 10.1.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-26: Please identify and explain the allocated expenses from MPL which are noted in note 6 as "Other" expenses of \$29,447 in the Audited Financial Statements for December 31, 2008.

RESPONSE: This expense category contains expenses recorded on MPL's accounting records in account # 615 under the accounting procedures in effect in 2006 through November 2008 as described in Attachment CA-IR-44 (Part A), filed in Docket No. 2009-0048.

These expenses include:

• Administrative Charges	\$13,080
• Gas – Automobiles	5,065
• Depreciation	2,669
• Insurance	4,045
• Postage	2,108
• Auto Repairs	584
• Other	<u>2,896</u>
○ TOTAL	<u>\$29,447</u>

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-27: Please identify and explain the professional fees of \$18,557 which are reflected on WOM's Statement of Operations for the year ending December 31, 2008 (contained in the Audited Financial Statements for December 31, 2008).

RESPONSE: The professional fees of \$18,557 is comprised of

- Legal fees \$11,387
- Other Professional 139
- Regulatory Support 7,031
- Total \$18,557

Of the total amount shown as expense for the 12 months ended December 31, 2008, \$6,841 in legal fees and \$7,031 in Regulatory support expenses will be reclassified to a deferred debit account to reflect amounts charged for work on the current rate case, Docket No. 2009-0049.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-28: Please explain whether any affiliated companies, including but not limited to, MPL, have noted or claimed any depreciated costs on its financial statements or income tax returns for WOM's property and plant which, according to WOM's Audited Financial Statements, includes reservoir, pipes, water meters, and other.

RESPONSE: See Attachment CA-IR-23b, filed in this docket, and CA-SIR-3, filed in Docket No. 2009-0048.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-29: Please identify and explain the depreciated cost of "Other" of \$20,175 as noted on note 3 of WOM's Audited Financial Statements.

RESPONSE: The amount of "Other" of \$20,175 included in note 3 of the Audited Financial Statements reflects the cost of assets, not the depreciated cost. The assets included as "Other" include:

• Cubic Billing System	\$ 8,578
• Utility Data System	4,157
• Utility Data System	7,250
• Other	<u>190</u>
○ TOTAL	<u>\$20,175</u>

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-30: Please explain the expenses of \$20,197 identified as "Other" on WOM's Statement of Operations as reflected in WOM's Audited Financial Statements for the year ending December 31, 2008.

RESPONSE: The \$20,197 represents a summary of the expenses recorded directly on WOM accounting records that are not intercompany charges and are not listed as expenses in the categories shown on page 3 above the \$20,197. These expenses would include repairs and maintenance, office supplies, freight, auto fuel, etc.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-31: Please identify and describe the terms of the "effective verbal agreement prior to July 1, 2008" as referenced in note 5 of WOM's Audited Financial Statements for the year ending December 31, 2008.

RESPONSE: The effective verbal agreement terms were consistent with the terms of the lease agreement effective July 1, 2008.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-32: Please provide any documents discussing or pertaining to the
"Commercial Lease" between MPL and WOM, and the "effective
verbal agreement prior to July 1, 2008."

RESPONSE: See Attachment CA-IR-14a.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO COUNTY OF MAUI'S
SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

County-SIR-33: Identify when the "Commercial Lease" with MPL was executed by
representatives of MPL and WOM.

RESPONSE: The lease was executed on June 10, 2009.

SPONSOR: Robert O'Brien

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

MR. DEAN NISHINA Executive Director Department of Commerce and Consumer Affairs Division of Consumer Advocacy 335 Merchant Street, Suite 326 Honolulu, Hawaii 96813	3 copies Hand Deliver
--	--------------------------

MARGERY S. BRONSTER, ESQ. JEANNETTE H. CASTAGNETTI, ESQ. Bronster Hoshibata 2300 Pauahi Tower 1003 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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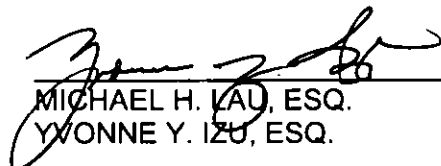
Attorneys for the COUNTY OF MAUI

ANDREW V. BEAMAN, ESQ. Chun Kerr Dodd Beaman & Wong, LLLP Topa Financial Center, Fort Street Tower 745 Fort Street, 9 th Floor Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for MOLOKAI PROPERTIES LIMITED

TIMOTHY BRUNNERT President Stand For Water P. O. Box 71 Maunaloa, HI 96770	1 copy U.S. Mail
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DATED: Honolulu, Hawai'i, December 23, 2009.



MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.

Moriwara Lau & Fong LLP
Attorneys for WAI'OLA O MOLOKA'I, INC.